

ECONOMIST GIVES VIEWS

Rising Prices Seen Inviting Fresh Devaluation Of Dollar

OTTAWA (CP)—Canada is inviting another devaluation of its dollar because of its rising prices, the Senate Commons committee on living costs was told Thursday.

Economist Edward Neufeld described devaluation and high unemployment as the bleak alternatives if Canada fails to keep its prices in line with those of the United States.

The University of Toronto professor blamed overspending for the inflationary problems troubling Canada since 1963.

But he said these problems have never been licked in the last seven or eight months, to be replaced by a new inflationary danger in the form of big wage increases.

Prof. Neufeld, an expert in monetary policy and the action

of capital markets, was the second expert witness before the special inquiry established by Parliament.

WANTS GUIDELINES

He ticked off Conservative and Liberal governments for errors in the last five years and put a high priority on U.S.-style wage and price guidelines for Canada.

He said import prices have an important effect on the overall structure of prices for goods and services in Canada.

To stabilize Canadian prices in the face of world-wide increases in prices would require harsh measures resulting in an eventual slowdown in economic growth—considerable slack or unemployment in the economy.

At the same time, to allow Canada's prices to rise persistently faster than world prices or those of the U.S. would eventually lead to "flight of capital, loss of reserves, increased trade deficit, further loss of reserves, exchange rate devaluation."

Prof. Neufeld said Canadian and U.S. wholesale prices stand in about the same relationship now as they did in 1963.

SEES NEW PRESSURE

But a welcome slackening in demand pressures exerted by consumers and business in the last seven or eight months could quickly be offset by a new push on prices exercised through recent wage settlements.

Prof. Neufeld's solution was a (Continued on page 3, col. 3)

Increased Costs Eat Into Armed Forces Pay Boost

By DAVE McINTOSH
OTTAWA (CP)—A 13.8-per-cent pay increase for the 105,000 member armed forces spread over two years was announced Thursday by Defence Minister Hellyer.

But men living in barracks will be charged \$65 to \$105 a month for room and board and rents for married quarters will be raised by as much as \$15 a month. The rents now run about \$80 to \$125 a month.

Effective Saturday, pay will

be increased by 9.8 per cent and effective Oct. 1, 1967, by another four per cent.

This will add \$48,000,000 to the armed forces pay bill of \$530,000,000 in the current fiscal year and \$85,300,000 in the next fiscal year starting April 1, 1967.

Mr. Hellyer said he doesn't know yet whether he will need a supplementary appropriation from Parliament on top of his current \$1,572,000,000 defence budget to cover the pay raise.

The minister said the small-

est increase is \$10 a month and that it applies to "very few"—informants said 250 to 300—privates or their equivalents in the navy and air force.

TOP RAISE \$3,000

The biggest annual increase in dollars—\$3,000—over two years goes to lieutenant-generals, air marshals and vice-admirals. Their maximum pay will be \$36,004 at Oct. 1, 1967.

The biggest percentage increase, however, goes to army captains, naval lieutenants and air force flight lieutenants. Their increase is about 25 1/2 per cent, raising their maximum pay to \$10,524 Oct. 1 next year from \$8,376 now.

There are 33,000 privates, seamen and aircraftmen—in the armed forces. Their maximum pay increase is to \$5,220 a year from \$4,896 or 6.6 per cent.

However, some 14,000 men will be promoted to corporal or equivalent and the pay increase in that rank will be to \$6,228 from \$5,148 or about 20 per cent.

It is chiefly privates who live in barracks and who, for the first time, will have to pay for room and board at the rate of \$65 a month.

GM Canadian Model Prices Increasing By Average \$43

OSHAWA (CP)—General Motors of Canada Ltd. Thursday announced an average price increase of \$43 on its 1967 passenger cars but narrowed the U.S.-Canada price gap to from \$5 on some models to \$101 on others.

A GM spokesman said the company had been able to narrow the price differential through a "tremendous effort" to make the U.S.-Canada auto trade pact work.

The spokesman said that to bring Canada the beneficial effects of the trade agreement is a slow process "because of the necessity of realigning the means and methods long established in the Canadian auto industry."

Progress will continue to be gradual, he said.

The company said in a statement the Canadian price increases result from inclusion of standard features that were optional extras on 1966 models; new safety features such as im-

part - absorbing steering columns, dual master brake cylinders, latches that secure folding seat backs and safety door locks; and the higher cost of materials imported from the U.S.

Comparative U.S.-Canada prices on three popular models, with 1966 prices in brackets:

Biscayne four-door sedan: \$2,646 Canadian, \$2,497 U.S. (\$2,599-\$2,444);

Malibu four - door sedan: \$2,588-\$2,320 (\$2,547-\$2,373);

Oldsmobile Delta: \$3,767-\$3,472 (\$3,810-\$3,414).

Volkswagen Canada Ltd. Thursday announced it will increase prices on 1967 models "despite 26 major" improvements and additions."

Ford of Canada and Chrysler of Canada Ltd. have still to announce 1967 prices. Their U.S. parents recently rolled back their 1967 prices to bring them into line with smaller increases announced by GM.

2 German War Criminals Will Leave Prison Tonight

By HUBERT J. ERB
BERLIN (AP)—The men who led German youth for Hitler and kept the Nazi war machine running are to be set free tonight.

With their 20-year sentences for war crimes completed, Baldur von Schirach and Albert Speer are to be released from Spandau prison at midnight.

When the steel door slams shut behind them the only prisoner remaining in the fortress-like prison will be Hitler's one-time deputy fuhrer, Rudolf Hess, 72, serving a life sentence.

The British foreign office is urging the Soviet Union to answer an American-British-French request to move Hess into a less-costly jail. Spandau costs about \$100,000 a year to run. This cost is borne by the West German government as war reparations but the four Second World War victors share the cost of rotating monthly guards. The 19th century military prison was built to hold 660 prisoners.

Seven German leaders escaped the death penalty at the Nuremberg war crimes trials in 1946 where 22 top Nazis were tried and 12 sentenced to death. Four of those imprisoned were released earlier for health reasons or after serving their terms.

PLOTTED AGAINST PEACE

Hess was convicted for plotting against the peace and for planning, inciting and carrying out aggressive war.

Von Schirach, who after serving as Hitler youth leader in the '30s was gauleiter (district leader) of Vienna during the war, was found guilty of complicity in the death of 50,000 Austrian Jews and of providing



found guilty of complicity in the death of 60,000 Austrian Jews and of providing slave labor for the German war effort.

Speer was found guilty of war crimes and crimes against humanity.

He was Hitler's wartime armaments minister.

Von Schirach, who lost the sight of one eye in prison, is 59. He is expected to live near Munich, West Germany, and write his memoirs. His wife di-

voiced him while he was in prison.

Speer, 61, has kept himself fit in prison through work in a spacious prison garden where von Schirach and Hess also did their walking and exercise. He will return to his profession as an architect and will live with his wife in Heidelberg, West Germany. They have six children.

AT EXACTLY midnight today, Berlin time, these men will be released from Spandau prison after serving 20-year sentences for war crimes. They won't look much like these long-ago pictures. To be released are Baldur von Schirach, 59, LEFT, Hitler Youth leader in the '30s and during the war district leader of Vienna. He was

found guilty of complicity in the death of 60,000 Austrian Jews and of providing slave labor for the German war effort.

Speer, 61, has kept himself fit in prison through work in a spacious prison garden where von Schirach and Hess also did their walking and exercise. He will return to his profession as an architect and will live with his wife in Heidelberg, West Germany. They have six children.

found guilty of complicity in the death of 60,000 Austrian Jews and of providing slave labor for the German war effort.

Speer, 61, has kept himself fit in prison through work in a spacious prison garden where von Schirach and Hess also did their walking and exercise. He will return to his profession as an architect and will live with his wife in Heidelberg, West Germany. They have six children.

UN Move In Viet Nam Is Rejected By Chinese

Tignish Fisherman Drowned

TIGNISH — A Tignish fisherman, Ray Brendon Gaudette, 28, was drowned yesterday afternoon while fishing lobsters off North Cape.

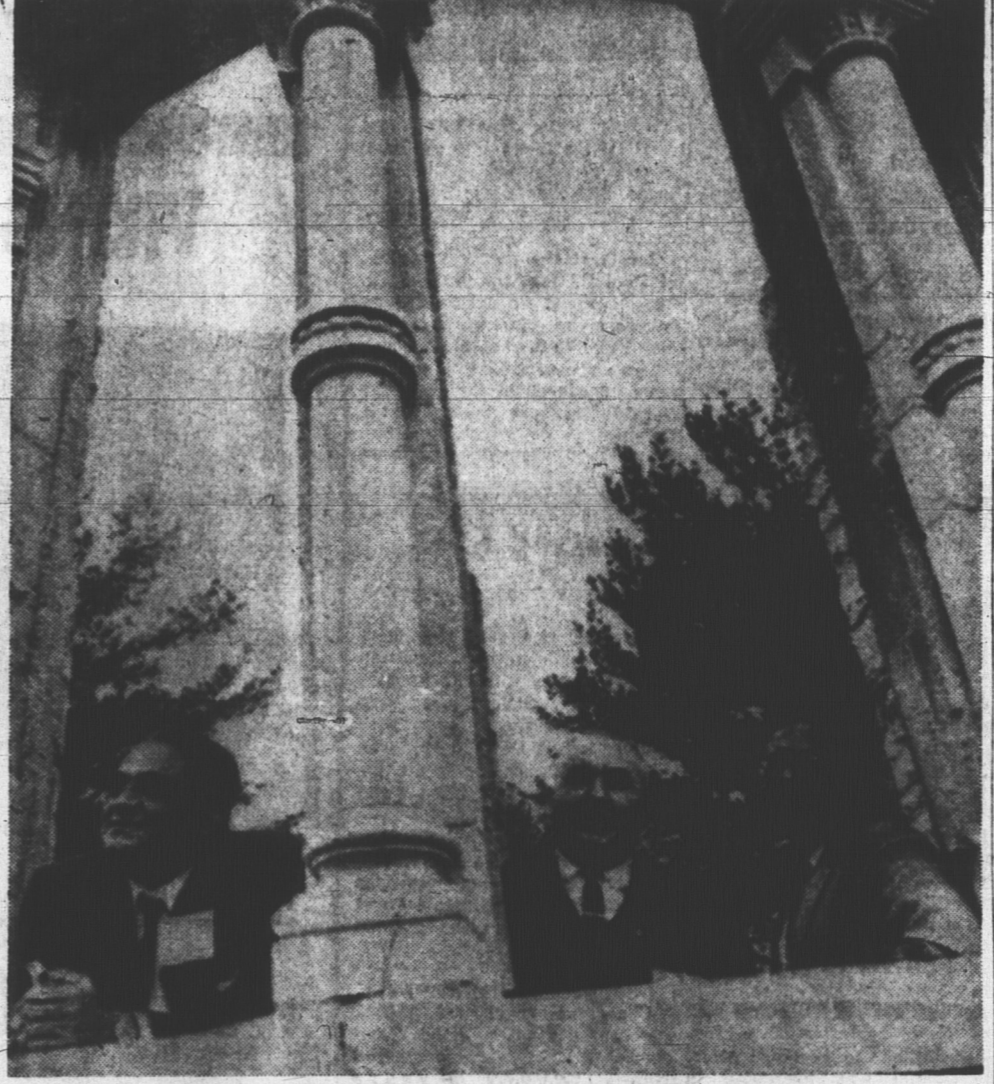
It is understood that Gaudette and his helper, Charles Harper, were running their last bunch of traps when Gaudette became tangled in the line and was thrown overboard. The boat's motor was then stopped and by the time it was started up again it was too late to be of assistance.

The body was recovered shortly before 10 o'clock last night by scuba divers John Greer, Albert detachment of the RCMP, Roy Ramsay, Summerside and Bobby Brubaker, O'Leary. The search was continued after darkness set in by the use of underwater lights.

Earlier unsuccessful dragging operations were carried out by fishery patrol vessels and other fishing boats accompanied by members of Albert detachment of the RCMP.

This brings to three the number of drownings in Tignish this year. Howard Gavin was drowned on the opening day of the spring lobster season and his body has not been recovered. A St. Felix farmer, Walter Christopher, was drowned on August 10 while swimming near Kildare.

Besides his parents, Mr. and Mrs. E. C. Gaudette, also of Tignish, Mr. Gaudette is survived by his wife, the former Marion Keough of Tignish and six children: Roger, 9, Floyd, 8, Donna, 7, Lynn, 5, Michael, 3 and Rodney, four months. Also surviving are the following brothers and sisters: Vernon, Wilbert, Claude and Edward, Tignish; Mrs. William Byles (Anne) Toronto; Mrs. David Ryan (Vera) Halifax; Bernice also in Halifax; Mrs. Edward Hamilton (Norma) in New Brunswick; Lorraine at home and Eva in Alberton.



ISLANDER TOURS KINGSMERE RUINS

Speakers from Commonwealth countries toured the ruins of Kingmere, former Gattineau estate of the late prime minister MacKenzie King north of Ottawa during a Thursday afternoon break in a speakers' conference called by Commons Speaker Lucien Lamoureux of Canada. Pausing

Albania Is Spokesman For Views Of Peking

By ALEXANDER FARRELL
UNITED NATIONS (CP)—Although pleas continued to be heard for United Nations action in Viet Nam, Communist China warned indirectly Thursday that any UN move would fail and cause the world organization a loss of prestige.

Albania, commonly regarded as Peking's spokesman at the United Nations, said North Viet Nam has rejected UN intervention and indicated Peking thinks the UN has no business in Viet Nam.

"It is obvious the United Nations would have no right to intervene," Albanian Foreign Minister Nesi Nase told the General Assembly. "It would be contrary to the legitimate right to freedom and self-determination of the people of Viet Nam."

Nase repeated Peking's position that U.S. forces must withdraw unconditionally from Viet Nam.

He said "the United States is escalating the war in the hope of persuading North Viet Nam to accept the fantasy of peace negotiations." In this way, the United States hoped to win at

Sanctions Against Rhodesia Claimed Beginning To Bite

OTTAWA (CP)—Arthur Bottomley, Britain's minister of overseas development, assured Commonwealth colleagues Thursday that sanctions against Rhodesia are "beginning to bite."

In a speech to the Commonwealth Parliamentary Association, he made no predictions on when the pressure would bring down Ian Smith's white supremacist government.

But he said he wanted the regime destroyed "as fervently as anyone else in this assembly to do," and he was confident the means lay in economic sanctions.

Use of force would carry the danger of creating another Viet Nam in Africa, he said.

"Mr. Bottomley spoke after a Tanzanian delegate, E. A. G. Niyambili, had said he was sure the Smith government was being supported by the British government."

DEMANDS BRITISH ACTION

He demanded that Britain live up to her promises and crush Smith.

Britain also came under attack from a Guyanese delegate, Reepu Daman Persaud, who suggested that Britain had failed to act in Rhodesia because "a white dog never bites a white dog."

Inez Hits Dominican Republic And Haiti; Cuba Next In Line

SANTO DOMINGO (AP)—Killer hurricane Inez struck the Dominican Republic and neighboring Haiti with roof-lifting force Thursday and reports from the Haitian coastal town of Jacmel said there were many deaths from a flood tide whipped up by the storm.

Thousands were reported homeless in Haiti as the hurricane tore roofs of buildings in Port au Prince, the capital.

The hurricane centre in Miami, Fla., said there is only a slight chance that the storm will reach the U.S. mainland.

In the Dominican Republic, authorities reported a death toll of six, revising an earlier total of nine. A spokesman for the armed forces ministry said the report of a drowning of three persons in Barahona turned out to be erroneous. This brought

the confirmed death toll from Inez to 29 before it struck Haiti.

As the storm moved westward to Haiti, torrential rains and winds up to 75 miles an hour were reported to have hit Port au Prince. The town of Jacmel, where the flood tide was reported, is 24 miles southwest of the capital and in 1950 had a population of 8,500.

A large number of ramshackle homes were reported unroofed or destroyed in Haiti.

As Inez, bearing 160-mile-an-hour centre winds, churned westward, two other tropical storms were brewing in the Atlantic.

Reconnaissance aircraft said tropical storm Judith was still in a formative stage with no well-defined centre and strong winds only in the eastern semicircle. At last report, it was lo-

calated 100 miles east of Barbados and 650 miles southeast of San Juan, Puerto Rico.

Reconnaissance aircraft said tropical storm Judith was still in a formative stage with no well-defined centre and strong winds only in the eastern semicircle. At last report, it was lo-

Shooting Incident And Leaflets Mar Philip's Argentine Visit

BUENOS AIRES (AP)—Prince Philip was showered with anti-British leaflets Thursday after a shooting incident and a plane hijacking had marred his visit to Argentina.

The leaflets, calling for return of the disputed Falkland (Malvinas) Islands to Argentina, apparently were thrown by workers at a big electric plant Philip visited in the morning.

The leaflets called on the British to recognize Argentine sovereignty over the two tiny islands in the South Atlantic, where Argentine extremists landed a hijacked plane Wednesday in a gesture of support for the anti-British Falklands campaign. Philip picked up one of the leaflets and after a quick look, threw it away.

The 18 young hijackers are still holed up at Port Stanley capital of the British-run Falklands in the South Atlantic. The group seized a four-engine passenger plane with 48 aboard Wednesday and forced it to land on a racetrack at Port Stanley.

Unknown attackers fired a half-dozen pistol shots at the building of the British Embassy residence here Wednesday night while the husband of Queen Elizabeth was dressing for dinner. The shots hit the front of the building but caused no casualties or damage. The shots were fired from two speeding black cars.

The shooting was one of several incidents and demonstra-

tions here triggered by the raid on the Falklands. A few hundred persons, mostly students, paraded in downtown streets and burned paper Union Jacks before police dispersed them Wednesday night. A dozen youngsters forced their way into the British Consulate at Rosario at gunpoint and ransacked the offices, destroying files and the Union Jack on a pole outside the building. Five young students were arrested at Rosario, Argentina's second largest city, 200 miles north of here.

Philip arrived Monday for a three-week unofficial visit to attend the world horse-jumping championships here.

Argentine President Juan Carlos Onganía announced Thursday the hijackers will go on trial. A presidential communique said that while the government reasserts Argentine claims over the disputed Falklands, it cannot condone "a serious uprising."

Reports from Port Stanley said there has been no violence. The airliner's passengers, including three children, and the crew are lodged in the city while the hijackers, including a 27-year-old girl leader, are in or around the plane.

The hijackers held two British policemen hostages for a time, but they were released and British authorities took control of the situation.



HEADS NEW RCMP SCHOOL

Supt. G.W. Mortimer, 48, of Edmonton and Regina, has been appointed commanding officer of the new RCMP school at Penhold, Alta., located on the base vacated by the RCAF. Supt. Mortimer was administration officer of the RCMP's Alberta force. (CP Wirephoto)

INSIDE TODAY

Island news	2
Summerside	3
Deaths	3
Editorials	4
Kings, Queens, City	5
Finance markets	6
Women's	8
Sport	10, 11
Comics	13
Classified	14, 15, 16

Arrested Quebec Separatists Refuse To Return From U.S.

NEW YORK (CP)—Two French-speaking Canadian separatists refused Thursday to return voluntarily to Montreal and were ordered held without bail until an Oct. 27 hearing on a local charge of being fugitives from other authorities.

Charles Gagnon, 27, and Pierre Vallieres, 28, both of St. Alphonse, Que., were arrested Wednesday as they paraded outside the United Nations headquarters here. Montreal police had said the two were wanted there on a charge of non-capital murder.

Police here said Canadian officers were expected here with a warrant against the two. But when Gagnon and Vallieres appeared in court lawyer Robert L. Ferrara, appointed by the Legal Aid Society, announced that his clients would not waive extradition proceedings.

It also was learned Thursday that U.S. immigration authorities had lodged warrants against the two Canadians as undesirable.

They were arrested after New York police were informed that the Canadians had started a hunger strike in Canada Tuesday, leaving the same day with plans to demonstrate outside the UN. They carried placards announcing their hunger strike and supporting the Quebec Liberation Front, a terrorist organization blamed for many bombings.

Vallieres, a journalist, and Gagnon, a teacher, were found criminally responsible in a case last week at a Montreal coroner's inquest into the death of Jean Carbo, a 16-year-old student who died July 14 when a bomb he was carrying apparently exploded prematurely outside a Dominion Textile plant in Montreal. Five other young men were also held responsible for the death.

Earlier last week the two were held criminally responsible along with six others for the death of Theresa Morin, 64, who died in a bomb blast at a Montreal shoe factory May 8.